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Housing construction fell sharply in March

Home building slumps to lowest level in 17 years

Reuters

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WASHINGTON - Home building projects started in March fell by 11.9 percent to a lower-than-expected annual rate while building permit activity, a sign of future construction plans, was off 5.8 percent, a government report on Wednesday said.

The Commerce Department said housing starts set an annual pace of 947,000 units in March, lower than the 1.02 million expected by economists. The February starts figure was revised upward to 1.075 million from the 1.065 million originally reported.

Stock futures moved higher while the dollar fell and Treasuries pared losses as the weak data boosted expectations of further rate cuts from the Federal Reserve to bolster the economy.

“It’s a dismal report...It challenges the proposition that construction has scraped bottom,” said Richard DeKaser, chief economist at National City Corp in Cleveland.

Building permits fell by 5.8 percent to an annual rate of 927,000, the slowest pace since a 916,000 rate set in April 1991. Economists polled by Reuters had forecast March permits at 970,000 after the 984,000 rate of February.

The home starts pace was the lowest since a 921,000 rate set in March 1991.